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The Impact of Personal Attitudes on the Growth Ambitions of Small Business Owners

Abstract

Purpose

To provide empirical evidence in support of widespread calls for new approaches to understanding small business growth, by exploring the use of non-positivist methods (e.g. critical realism) to analyse how owners' innate dispositions shape growth in practice.

Design/methodology/approach

In 2014, a telephone survey was used to inform two focus groups and 29 in-depth interviews with small business owners throughout England, covering attitudes towards growth, the use of particular strategies and perceived barriers. Discourse analysis was used to develop a multilayered explanatory model incorporating key ideas from critical realism and the work of Bourdieu.

Findings

Bourdieuian analysis reveals the existence of orientations among small business owners towards or against business growth. Such attitudes tend to impact upon their response to perceived barriers. Growth-inclined owners were willing to strategise for long-term benefit, in return for lower returns in the short term. Growth-resistant owners were more likely to view obstacles as absolute, stating that they cannot grow their firms as a result.

Practical Implications

Removing or reducing obstacles may not encourage growth if motivations and attitudes of owners do not change to embrace more growth-oriented positions.

Banks' lending practices, for example, were seen by many as problematic, but growth-oriented owners were more willing to seek and use alternatives to raise funds for growth.

Originality/value

The authors suggest that entrepreneurship researchers should look beyond positivist research to epistemologies that provide more multilayered modes of explanation.

Introduction

There is an extensive body of literature that considers small business growth and the factors that shape this (see Gupta *et al.*, 2013 for an overview). Despite this, we cannot predict with any accuracy the businesses that will grow. Our understanding of the factors that shape growth remains partial and limited. This may be because small business growth is too complex to understand. It may be that we cannot conduct extensive surveys that cover enough variables. It may also be, however, as we argue in this paper, that the currently dominant, essentially positivist, epistemology is inherently limited and that new, complementary modes of explanation can move our thinking and understanding of these issues forward in meaningful ways. In this paper we present empirical evidence to support a critical realist approach that utilises key ideas from social theory that have been widely utilised in other disciplines, but which have not been widely employed in small business research.

Small businesses play a fundamental role in the UK economy. According to BEIS, at the start of 2016 there were more than 5m businesses private sector businesses in the UK (Department for Business, Energy & Industrial Strategy, 2016). Small or medium-sized enterprises (SMEs) account for 99.9% of total business units. Total employment in SMEs was 15.6 million, representing about 60% of all private sector employment in the UK. The combined annual turnover of SMEs in the UK was £1.8 trillion, or 47% of the total private sector turnover (BIS, 2015).

The empirical research reported here was specifically designed to acquire data on what business owners themselves see as the most important factors shaping their business performance and growth. The data produced showed that, when asked open questions, business owners tend to identify a broader and different range of factors influencing business performance and growth than are typically reported in surveys such as the BIS Small Business Survey. The latter uses closed questions, thereby reproducing preconceived notions of the sort of factors which are thought to be important in business growth performance. In-depth face-to-face interviews, used to further explore the survey responses, also provided findings that raise questions about the conventional survey data in this area. For example, our interpretation of these findings suggests that many business owners' responses were *post hoc* rationalisations of business behaviours conditioned by their innate

dispositions, rather than informed and rational choices about how to run their business.

In the subsequent sections of this paper, we first review the literatures relevant to this research. The following section describes the empirical research. We then consider what methodological approaches are appropriate to developing new and more comprehensive (and potentially more powerful) explanatory models of SME performance. The final section considers the possible wider relevance of these approaches.

Literature Review

The evidence base on small business growth is dominated by quantitative findings from surveys such as the BIS Small Business Survey, the Community Innovation Survey and the Global Entrepreneurship Monitor. These data are informative; they show associations between directly observable factors and business performance, and highlight areas of difference between growing and non-growing businesses. For example, they show that growing businesses tend to be more innovative (Freel and Robson, 2004; Oke *et al.*, 2007; Cainelli *et al.*, 2006), more open to using external advice and support (Roper and Hart 2013), more export orientated (Love and Roper, 2015), more likely to invest in training (BIS, 2012) and distinctive in their use of external finance (e.g. Brown and Lee, 2014). There is also an extensive literature relating SME performance to management and leadership skills (e.g. Hayton 2015; Wright *et al.*, 2015). Other work shows that growing businesses are more proactive in the use of formal HR practices (Rouditser and McKeown, 2015), that they set themselves and their staff more challenging goals (Wright *et al.*, 2015), are more likely to have a strategic approach to running the business (Whaley, 2003; Ates *et al.*, 2013) and are more ambitious (BIS *et al.*, 2012).

In practice, however, the majority of small businesses do not grow or grow only modestly or episodically. For example, Allinson *et al.* (2013) showed that only 5% of the self-employed took on any employees during the five years to 2012. According to Anyadike-Danes *et al.* (2013), approximately 75% of businesses starting with fewer than five employees and surviving for ten years will still have fewer than five employees. The proportion of businesses achieving 'high growth' is also modest; Bravo-Biosca and Westlake (2009) stated that, "...just 6% of companies generated

half of the UK's employment growth between 2002 and 2008". Thus, understanding the factors that drive and shape small business performance and growth is a key concern for both academics and policy-makers (Wright *et al.*, 2015). Furthermore, by its nature, most evidence from extensive surveys provides findings relating to predetermined and generally closed questions. Such approaches run the risk of privileging and reinforcing existing conceptions regarding which growth factors are causally significant. One outcome of this is that growth is frequently explained through reference to a relatively small range of variables, often related to business characteristics, the owner and the external environment (Parry, 2010; Crook *et al.*, 2010; McDonald *et al.*, 2015).

Despite these concerns, and a considerable volume of research, our understanding of small business growth remains partial and fragmented (Wright and Stigliani, 2013). Consider, for example, the much quoted aphorism that it is 'impossible to pick winners' – an explicit acceptance that we cannot identify with any real accuracy those businesses that will grow (see e.g. Mayhew, 2013; Konzelmann and Fovargue-Davies, 2013). This inability may reflect the inherent complexity of factors that shape growth in a highly heterogeneous small business sector (Gupta *et al.*, 2013). It may be that chance and purely contingent factors are so causally significant that generic aspects of causation are of relatively little consequence (Storey, 2011). However, it may also be that we are not asking the right questions in the right ways.

The majority of extant research into enterprise and small business performance in the UK continues to reflect established ways of thinking and practice (Davidson, Low and Wright, 2001; Wiklund *et al.*, 2011; Zahra, 2007; Eriksson and Kovalainen, 2008) and overly positivist (Ogbor, 2000; Tatli *et al.*, 2014). The most influential work, particularly that underpinning policy development, has tended to privilege quantitative data (Karatas-Ozkan *et al.*, 2014).

In recent years the inherent limitations of the currently dominant approach to small business research have increasingly been highlighted. Karatas-Ozkan *et al.* (2014) stated that, "...positivist approaches and associated quantitative studies have dominated the field ... post-positivist approaches and associated qualitative research designs are demonstrably underrepresented in entrepreneurship research. This is in spite of the ability of non-positivistic approaches to address interesting, even fundamental entrepreneurship questions" (p590). Similarly, Crook, *et al.*

(2010) argued that, "...it is unknown whether there is a gap between what is currently being done versus what needs to be done" (p192).

These comments suggest that SME research is at something of an *impasse* and that further research along established lines can add only marginally to our understanding. Real progress depends on the development of modes of explanation and associated methodologies with the potential to move entrepreneurship research forward in new ways (Tatli *et al.*, 2014). It is clear that there are potentially informative forms of research that could be explored in greater depth. For example, despite growing interest (e.g. Parry, 2010; Doern and Goss, 2012), psychological, social and emotional approaches remain under-represented, particularly with regard to existing businesses. Psychological research has tended to concentrate on the traits and circumstances associated with start-up (e.g. Korunka *et al.*, 2011) or more general studies of the psychology of entrepreneurs (e.g. Baum *et al.*, 2014) than examining growth in particular.

Some aspects of causation thus remain largely underexplored in research into SME growth and researchers have largely failed to develop explanatory models that can capture the evidently multi-layered and nuanced patterns of causation that shape small business performance (Karatas-Ozkan *et al.*, 2014). Anderson (2015) noted that positivist approaches, and entrepreneurship research more widely, tend to favour explanation (entrepreneurship as a mechanism for change) over understanding (how and why that change comes about). This involves a risk of reductionism. The starting point for this paper is to encourage researchers to look beyond positivist research to consider different epistemologies that can provide more comprehensive modes of explanation. Our argument draws upon an analysis of the findings from two conventional empirically based studies of SME growth undertaken in 2013 and 2014 (Allinson *et al.*, 2013; 2015). We proceed to make a case for exploring different, but complementary, epistemologies and methods that can capture more of the factors that shape small businesses growth performance within a single explanatory model (Forson *et al.*, 2014; Neergard and Ulhoi, 2007). Two complementary approaches are presented in this paper.

Bourdieuian analysis

Whilst the notion of habitus predates his work, it is commonly associated with Bourdieu, who defined it as "the totality of learned habits, bodily skills, styles, tastes,

and other non-discursive knowledge that might be said to 'go without saying' for a specific group" (Bourdieu, 1990, p66). This can be used to describe the ways in which social structures and norms are internalised, and how that shapes practices. An individual's social history shapes an unconscious acceptance of social differences and hierarchies, leading to 'a sense of one's place', acceptance of the 'rules of the game', and the perception that the stakes of the game have a value that may or may not make it worth 'competing'. These factors potentially lead to behaviours of self-exclusion. For example, an individual's habitus may lead to dispositions discordant with starting or growing a business.

Two further concepts are central to Bourdieu's approach: forms of 'capital' and 'field' (Bourdieu, 1986). 'Capital' is not simply material assets, but all types of 'capital' possessed by an individual: economic, educational, social and cultural capital (all learned cultural competencies and knowledge). Bourdieu (1984) cautions against assuming that economic capital is the most important form of capital; other forms of capital may be of primary concern – e.g. the social capital derived from owning a business (Shaw *et al.*, 2013). Bourdieu focuses on practice rather than examining normative comparisons between actions and predictions from theory based on what rational actors should do (King, 2000).

An individual can transform symbolic or economic inheritance (e.g. accent or property) into cultural capital (e.g. university qualifications or the skills and confidence needed to run a larger business). Previous work has shown that access to forms of capital embedded within certain economic and market conditions can shape entrepreneurial ambitions and behaviours (Ram *et al.*, 2008; Jones, 2012; Pret *et al.*, 2015).

'Fields' are social and institutional arenas in which people express and reproduce their dispositions, and where they compete for possession of, and access to, different forms of capital (Malton, 2012; Theodorakopoulos *et al.*, 2015). The extent to which actors, such as small business owners, understand the 'rules of the game' and are able to make effective use of resources available to them, reflects adaptation of their habitus in a specific field. Actors often experience, and exert, power differently, depending on which field they occupy at any given moment – therefore, context and environment also influence habitus.

Advocating the use of a Bourdieusian conceptualisation is not new (e.g. Tatli et al., 2014; Karataş-Özkan *et al.*, 2014; Shepherd, 2015; Hormiga and Rohlfer, 2016). There are studies that have adapted these concepts to various ends (De Clercq and Voronov, 2009; Pret et al., 2015; Scott, 2012, Stam et al., 2014; Leitch et al., 2013; Davidsson and Honig, 2003; Jayawarna *et al.*, 2014), but such work remains the exception and extant studies have often been quite narrowly focussed.

Critical realism

The 'Critical Realist' approach (Sayer, 1984) has been widely used in other academic spheres (e.g. Steinmetz 1998, Marsden and Drummond 1999, Easton 2010, Moore 2013) and can provide a multi-layered explanatory model capable of progressing SME research. The approach described by Sayer (1984) is not intended to provide directly generalizable findings but to show why and how particular events occur. From this perspective, business performance and growth is seen as an outcome. This outcome reflects structurally defined mechanisms that operate tendentially: a mechanism will tend to produce a particular outcome, but may or may not do so in practice. Whether or not a mechanism is activated depends on both the general conditions in which it operates and the particular contingent circumstances involved.

The empirical research

The empirical basis for the argument described in the remaining sections of this paper includes two studies undertaken on behalf of BIS. The first of these studies (Allinson *et al.*, 2013) explored growth in micro-businesses (0-9 employees), the second (Allinson *et al.*, 2015) explored the same issues with small businesses (10 to 49 employees). These studies used essentially identical methodologies and, despite the differences in the sizes of the businesses studied, provided similar findings. Accordingly, the description below relates specifically to the second study.

The research involved using a telephone survey, followed by in-depth interviews with selected survey respondents to develop subsequent qualitative research with small business owners. The telephone survey was designed to provide data on the ways in which business owners themselves understand and explain the performance and growth of their businesses and their interpretation of the factors that affect this. The telephone survey, conducted in Autumn 2014, consisted of 25-minute interviews with 601 small businesses: 279 interviews with businesses with

10-19 employees and 322 interviews with businesses with 20-49 employees. Information gathered covered business and owner demographics, growth performance and ambitions, internal capacities and capabilities, obstacles to growth, and any steps taken to overcome these obstacles. The resulting data was developed into an index of 31 obstacles associated with (i) a range of material factors and (ii) the 'mindsets' of the business owners. These data were used to define three sets of constraints facing the businesses, relating to: (i) capacity of the business to enable growth; (ii) the external environment, including the market; and (iii) the vision of the owner and their attitudes towards growth.

The results showed that 38% of businesses were constrained in terms of their capacity. A higher number of businesses reported constraints connected to the market they operated in (51%) and the owner's vision (53%). Larger businesses (20-49 employees) tended to be less capacity constrained and less market constrained than those with 10-19 employees, and were more likely to be relatively unconstrained across all three dimensions (16% versus 21%) (Figure 1). Looking at actual and anticipated growth, the survey reported that businesses that reported a greater number of constraints were less likely both to have grown in the past and to have serious growth ambition for the future.

Figure 1 Growth constraints by size of business

[Figure 1 about here]

Source: Allinson et al. (2015)

In order to gather more in-depth evidence of small business owners' views on the factors affecting performance and growth, further qualitative research was undertaken in late 2014 with 50 owners – 19 in two focus groups, and 31 in-depth semi-structured interviews. These were selected from respondents to the extensive survey to provide a wide spectrum of (i) recent patterns of employment growth and (ii) reported obstacles to growth. The interviews also covered a cross-section of businesses with respect to age of establishment, sector, location, and characteristics of owners.

This phase of the research explored business owners' views on growth: how they conceptualise growth and perceive barriers; the consequences of growth for their business; personal circumstances; and evidence of particular mindsets that may

shape business behaviours. The purpose was to develop a richer understanding of the quantitative data and identify more nuanced linkages between areas of interest.

Results

Analysis of the survey data showed that, when asked more open questions about barriers to growth than is typical in such surveys as that of SBS, respondents tended to provide a much wider range of answers. Interviewees reported a total of 31 obstacles, whereas the SBS survey (2014) covered just 12 predefined 'obstacles to business success'. Reported obstacles included issues associated with business improvement processes, business capabilities, perceived demand and lack of ambition.

The data showed that owners of businesses that had grown reported fewer obstacles than those that had not grown or had grown to a lesser extent¹. Owners that had undertaken fewer or less intensive actions to prepare their business to realise future growth tended to exaggerate the number and significance of various 'barriers'. For example, they tended to overestimate the difficulty of implementing business improvements and the size threshold at which a business should introduce professional management. This is not entirely consistent with the 'conventional' way of looking at these issues. Our findings show that obstacles are not absolute and their significance depends quite fundamentally on how they are interpreted by business owners. Analysis of the interview data thus concentrated on statements about growth, whether these were made explicitly (e.g. 'I can't grow the business because...') or tacitly, referring to actions which are thought to help achieve future growth such as access to finance, management abilities, recruitment, innovation and exporting. The study also sought to examine the extent and effects of growth ambition: (i) Had some business owners grown as large as they wanted to, either by actively working to achieve this or through happenstance and reaction to unplanned opportunities? (ii) Were owners' accounts expressed in terms that demonstrated an inherent lack of desire to grow larger, or, instead, from a rational analysis of the circumstances facing them?

Statements about growth were grouped thematically and analysed for misperceptions and deliberate or unconscious interpretations – i.e. narratives that provided a rationale for particular behaviours that was overly negative or less than

¹ All businesses had at least ten employees, so all had grown to a certain extent

objective. The perceptions of those that had made little active effort to grow were contrasted with those that were making active efforts to do so (e.g. through innovating, investing, beginning to export, etc.). How their opinions on growth were expressed, and their actual behaviours, both provided evidence about the owners' deeper mindsets about business growth.

Within this, the analysis sought to identify ostensibly logical reasons for not growing that were apparently *ex-post* rationalisations of established thinking and behaviours. This analysis showed the existence of gaps between actions, expressed opinions and deeper mindsets, which enabled identification of actions at variance with rational behaviour. The qualitative evidence from those that had grown provided a basis for challenging the views of owners which exaggerated the extent of barriers to growth. Commonly, the latter group reported seeing no way to tackle certain obstacles, leading to a reluctance to take any action.

The interview evidence was consistent with the notion that ambition, perceptions of obstacles to growth, and the associated actions taken by the owners, are often shaped by their 'innate dispositions' and associated mindsets. The findings showed that different owners who had faced similar challenges responded with highly divergent solutions. Evidence for the existence and potential causal significance of such 'mindsets' was also found in the quantitative evidence: respondents whose businesses had not grown had often not attempted to implement business improvements that may help to achieve future growth.

By contrast, owners who had taken purposive actions to promote future growth were more likely than others to state that they saw barriers as challenges to be overcome to reach their growth ambition. They did not deny that growth was difficult, but generally considered that barriers were not insurmountable.

Analysis of the interviews pointed to a spectrum of growth attitudes among business owners. For example, in many cases, business owners stated that they *wanted* to grow (affirming their own and society's expectations of business owners), but *could not* do so in practice because the obstacles they faced or conditions in the market or wider economy prevented growth. This resonates with the notion that owners "tell themselves stories" (Parry, 2010).

The respondents were categorised into three broad growth 'types': (1) those that had reached their 'ideal' size of business, and were unlikely to grow substantially

larger, if at all, in the face of identified internal or external constraining factors; (2) those that may grow larger, but in an opportunistic and incremental way i.e. seizing obvious opportunities which present themselves, rather than expending effort in seeking out and/or creating opportunities, or finding ways of exploiting more difficult opportunities; and (3) those who were enthusiastic about achieving growth and were strategically and actively seeking new opportunities and ways through which they could be exploited.

A minority in Groups 1 and 2 explicitly stated that they wished to remain small, because that was the ideal size for the business. Their deeper mindsets, the way they expressed those mindsets, and the associated actions undertaken, were all in alignment: there were no distorted rationales for (in)action. This analysis concentrates on the majority of owners in Groups 1 and 2 who stated that they could not grow substantially, even if they wanted to - contrasting these with the actions and perceptions of the owners in more ambitious and more dynamic businesses in Group 3.

The majority in Groups 1 and 2 - who were not strategic or actively pursuing growth - typically cited one or more of the following limiting factors, which encapsulated their situation and their apparently rational behavioural response:

1. A limited market, and/or one still subject to recessionary pressures. Growth was said to be difficult, with returns too low in relation to resource needs and risk.
2. The product or service they offered made it difficult to diversify to increase sales.
3. Pursuit of potential growth opportunities was limited by difficulty in finding suitably skilled and/or reliable new recruits, or in (re)training or up-skilling existing staff.
4. The business was relatively informally managed, and required more formal systems to enable further growth, adoption of that were unlikely for want of time.

These rationales constitute typical narratives provided by owners of 'non-growth' businesses that led them towards inaction. Profits and survival were generally expressed as over-riding concerns, with many referencing the risks of 'over-

expansion'. For such owners, growth is not considered if it might put the business at risk while actions that predicate future growth are not taken because of the perceived obstacles and risks.

It is unsurprising that half the interviewees reported minimal planning or strategy activity. Reasons given for a lack of planning were: lack of time (pressure of day-to-day operational issues), and/or lack of need (e.g. it is only necessary to develop a business plan when attempting to grow or raise finance; it is a simple business to run).

The findings show that differences in owners' attitudes, thinking and strategising were closely reflected in how they actually run their businesses. The analysis showed clear differences in the ways businesses behaved in areas such as innovation, recruitment and accessing external capital, which are often crucial to promoting growth (Love and Roper, 2015)².

Innovation. Approximately one-third of respondents in the quantitative survey reported that they had introduced new products, services or both. Only five interviewees stated that they had developed entirely new products or services. All of these innovative businesses stated that innovation was commensurate with, and crucial to, their desire and strategy to grow. Conversely, the narrative of business owners that had *not* been innovative or pursued full-scale innovation (as opposed to incremental product differentiation, which was a fairly common strategy) tended to emphasise, and typically to overstate, the challenges and risks involved.

Recruitment and staff development. Growth-oriented businesses tended to have implemented robust recruitment processes, based on a clear idea about business needs, and realistic expectations of new recruits, and to have undertaken a commitment to staff development. Conversely, less growth-oriented owners tended to pursue informal recruitment strategies, preferring to recruit people known in a fairly shallow way (e.g. previous colleagues from other businesses or 'friends of friends') rather than those matching more rigorous criteria, based on a skill needs assessment derived objectively from the business' strengths and weakness *and* a strategy for development. They also engaged with training to a lesser extent,

² Although the interviews had sought evidence on exporting, the insufficient number of exporters in the sample prevented our meaningfully gauging attitudes in this area.

expecting recruits to be 'fully-formed'. Frequently, this informality in recruitment and management had led to problems,

Access to Finance. The majority of businesses, regardless of growth orientation, preferred not to borrow, seeking where possible to finance investment from internal sources. However, most businesses that *had* sought external finance were categorised as growth orientated. This group was also more open to using alternative sources of finance. For example, some in the growth-oriented group had made recent use of invoice financing as an effective way of improving liquidity. By contrast, less growth-oriented owners tended to regard invoice financing as prohibitively costly and only suitable as a last resort (e.g. to save a business).

This group of owners also generally considered themselves as lacking in market power and unable to exert control over their debts. Thus, a typical narrative for these businesses emphasised risk aversion and maintaining the sustainability of the existing business. The more growth-oriented owners regarded themselves as capable of successfully managing their cash-flow and driving down their debts.

Interpretation

The findings imply limits to the extent to which small business growth performance can be explained using conventional research techniques, since the way owners run their businesses is often not properly 'informed' or necessarily 'rational'.

Our data suggests that the deeper mindsets of growth-orientated owners shape the narratives they provide and the actions they take: they tend to view challenges that accompany growth opportunities as obstacles they are capable of overcoming.

Conversely, as Parry (2010) suggests, owners with more growth resistant dispositions tend to provide narratives that are defensive and often inaccurate or implausible. Typically, these are *post hoc* rationalisations for inaction, rather than informed and properly evidenced reasons for not developing the business. This research thus suggests that many approaches to understanding SME performance are inherently partial (and hence lacking explanatory power) because they fail to capture all of the factors that are causally significant; notably the ways in which the inherent dispositions of business owners shape their mindsets and behaviours.

Our research suggests that business owners' dispositions and mindsets are causally significant to business performance. However, it seems doubtful that larger surveys,

or differently constructed positivist methodologies, can make more than limited progress towards these factors. The real need, and the key to better understanding, is to use epistemologies and associated methodologies that can capture *more completely* the complexity of small business performance in a single explanatory model.

New approaches to entrepreneurship research

Reflecting on the findings and the currently dominant body of empirical research – and particularly on what the research has *failed* to achieve – suggests that we face two epistemological and methodological challenges.

First, the scope of our investigations must be expanded to account for a wider range of causal factors, and especially factors that are not determined *a priori*. For example, as this research has shown, differences in the dispositions, mindsets and behaviours of business owners are clearly a necessary part of any complete and convincing explanation of small business performance. And, within this, we need to be able to better interpret the narratives of business owners who may often behave in ways that are shaped by innate dispositions that they themselves may not recognise.

Second, we need an approach that can capture, in a single model, a more comprehensive set of factors, and in doing so provide a more multi-layered explanation.

The work of Bourdieu, and particularly the notion of *habitus*, is a key strand of social theory that has been widely deployed elsewhere, but little explored in entrepreneurship and small business research (Tatli *et al.*, 2014; Gomez, 2010).

Bourdieuian interpretation of findings

This section briefly examines how the work of Bourdieu might be used in the context of business and entrepreneurship research. The Bourdieusian conceptions of *habitus*, capitals and fields provide a counterpoint to the notions of objectivity and rationality which is prevalent in most extant research into small business and which underpins almost all current policy formation in this area. It is clear from the examples above that the actions of many business owners apparently do not, in strictly rational terms, conform to their stated aims. Bourdieu's work helps us to explore the socially constructed nature of small business management and can

inform our understanding of how and why some businesses are more (or less) dynamic while some owners appear to be more or less 'growth-oriented'. Entrepreneurial behaviours can be seen as the product of the interplay of habitus and associated dispositions with different forms of capital, in fields characterised by different potentials.

Relatively little consideration has been given to how such Bourdieusian thinking might be applied to entrepreneurship and small business research more generally. The key challenge here is to develop a multi-layered, integrative, explanatory model through which to explore how the more conventionally considered factors influencing business performance are mediated by business owners' dispositions to shape actual outcomes. There are well-established epistemologies and associated methodologies - widely used by other disciplines - that could be used to develop small business research in this way. For example, it is possible to envisage how a critical realist approach could incorporate Bourdieusian thinking into SME research. This research shows that businesses with growth-orientated owners tend to grow, but do not *always* do so. Conversely, the businesses of owners with growth-resistant dispositions tend not to grow, but occasionally do so.

From this perspective, we can understand disposition (or *habitus*) as structures underpinning various causal mechanisms. For growth-inclined businesses, strategic thinking and the associated proactive business behaviours tend to produce outcomes involving growth. Whether growth actually occurs depends on: (i) a range of conditions (which are largely synonymous with Bourdieusian notion of fields including, for example, the macro-economic environment and levels of competition); and (ii) more purely contingent factors that may include the internal capacities of the business (in Bourdieusian terms, their capitals). Where the owner has a growth-resistant disposition, this leads to a propensity to avoid change by exaggerating the difficulties involved. This will tend to produce outcomes that do not involve growth.

Thinking about these issues in terms of tendencies has a wider relevance. For example, we know that some businesses with owners whose dispositions towards growth are ambivalent *do* grow - albeit to a generally more limited extent than those that are more clearly disposed to growth. The critical realist approach can readily incorporate this by incorporating contingency. Businesses with less growth-oriented owners tend not to grow because they are neither behaving strategically nor actively

seeking growth. However, if an opportunity to grow presents itself, these businesses will sometimes actively pursue it.

Conclusions

In this paper we have attempted to show that the currently dominant approach to conducting research in small business performance has important limitations. Our analysis adds weight to the increasingly widespread view that positivist approaches are likely to struggle to provide truly comprehensive explanations of small business performance and growth. There may well be a wider set of missing factors, but we have at least begun to demonstrate that Bordieusian conceptions of habitus, capitals and fields can help to show how business owners' dispositions are apparently causally significant in conditioning performance outcomes. However, incorporating a wider set of factors into our explanatory models requires new and different ways of thinking about and conducting research in this area. Our analysis has also begun to show how a critical realist epistemology, which sees business performance as tendentially expressed outcomes, is one potentially useful way to capture the necessarily multi-layered modes of explanation.

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